



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE

CAPE HEALTH PLAN, INC.

NAIC Group Code	0000	0000	NAIC Company Code	95759	Employer's ID Number	38-2455176
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	04/29/1982		Commenced Business	04/29/1982		
Statutory Home Office	26711 Northwestern Highway, Suite 300			Southfield, MI 48034		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	26711 Northwestern Highway, Suite 300					
	Southfield, MI 48034			248-386-3000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	26711 Northwestern Highway, Suite 300			Southfield, MI 48034		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	26711 Northwestern Highway, Suite 300					
	Southfield, MI 48034			248-386-3003		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.capehealth.com					
Statutory Statement Contact	THOMAS A MURAR			248-386-3003		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	tmurar@capehealth.com			248-945-9149		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	26711 Northwestern Highway					
	Southfield, MI 48034			248-386-3003		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Susan Sarin	Chief Executive Officer	Nancy Wanchik	President & Chief Operating Officer
William Brodhead	Secretary	Ralph Woronoff	Treasurer

OTHER OFFICERS

Delores Baker MD	Medical Director	Michele Lundberg	Corporate Compliance Officer
Thomas Murar	Chief Financial Officer	Rodger Prong	VP HR & Provider Services

DIRECTORS OR TRUSTEES

Nancy Wanchik	William Brodhead	Ralph Woronoff	Janis Coleman
Susan Sarin	Etrue Bryant	Shirley Lightsey	Thomas Murar
Catherine Brown #			

State ofMichigan.....

ss

County ofMacomb.....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Nancy Wanchik
President & Chief Operating Officer

Thomas Murar
Chief Financial Officer

Susan Sarin
Chief Executive Officer

Subscribed and sworn to before me this
23 day of February, 2006

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Linda Rusie
Notary Public
03/26/2007

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	1,000,000		1,000,000	1,000,000
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	22,530	16,897	5,632	19,472
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$39,738,937 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$0 , Schedule DA).....	39,738,937		39,738,937	34,378,196
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	40,761,467	16,897	40,744,569	35,397,668
11. Title plants less \$charged off (for Title Insurers only)			0	
12. Investment income due and accrued			0	0
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....	470,609	470,609	0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software.....	334,895	91,613	243,282	351,252
19. Furniture and equipment, including health care delivery assets (\$)	120,513	90,385	30,128	81,036
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$) and other amounts receivable.....	1,289,804		1,289,804	1,613,273
23. Aggregate write-ins for other than invested assets	1,363,499	1,363,499	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	44,340,787	2,033,004	42,307,783	37,443,229
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	44,340,787	2,033,004	42,307,783	37,443,229
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Insurance.....	8,068	8,068	0	0
2302. Prepaid Expense.....	102,317	102,317	0	0
2303. Security Deposit.....	3,125	3,125	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	1,249,990	1,249,990	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	1,363,499	1,363,499	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	18,184,006		18,184,006	16,393,000
2. Accrued medical incentive pool and bonus amounts	1,616,787		1,616,787	2,178,397
3. Unpaid claims adjustment expenses	243,568		243,568	507,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	3,815,886		3,815,886	3,491,246
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))	240,451		240,451	81,210
10.2 Net deferred tax liability	92,341		92,341	107,365
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	24,193,039	0	24,193,039	22,758,217
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	2,501,000	2,501,000
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	15,613,744	12,184,012
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	18,114,744	14,685,012
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	42,307,783	37,443,229
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1,022,988	880,057
2. Net premium income (including \$0 non-health premium income).....	XXX	178,915,436	156,777,957
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(10,840,705)	(8,793,294)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	168,074,731	147,984,663
Hospital and Medical:			
9. Hospital/medical benefits		89,456,324	78,901,560
10. Other professional services		28,616,313	21,338,314
11. Outside referrals			0
12. Emergency room and out-of-area		11,342,509	9,225,001
13. Prescription drugs		23,162,025	19,482,873
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		675,000	2,505,000
16. Subtotal (Lines 9 to 15)	0	153,252,170	131,452,748
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	153,252,170	131,452,748
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$216,002 cost containment expenses.....		771,232	727,881
21. General administrative expenses.....		10,894,593	10,241,987
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	164,917,995	142,422,616
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,156,737	5,562,047
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		1,103,436	339,313
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	1,103,436	339,313
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	(9,144)	(9,144)	243,628
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	4,251,029	6,144,987
31. Federal and foreign income taxes incurred	XXX	1,447,655	2,393,231
32. Net income (loss) (Lines 30 minus 31)	XXX	2,803,374	3,751,756
DETAILS OF WRITE-INS			
0601. Provider Tax (QAAP).....	XXX	(10,840,705)	(8,793,294)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(10,840,705)	(8,793,294)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Disposition of Fixed Assets.....	(10,867)	(10,867)	(7,457)
2902. Income from assets.....			250,000
2903. Miscellaneous Income.....	1,724	1,724	1,085
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	(9,144)	(9,144)	243,628

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	14,685,012	10,547,597
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	2,803,374	3,751,756
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	626,358	(2,114,342)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	2,500,000
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	3,429,732	4,137,415
49. Capital and surplus end of reporting period (Line 33 plus 48)	18,114,743	14,685,012
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	178,915,436	156,777,957
2. Net investment income	1,103,436	339,313
3. Miscellaneous income	(10,840,705)	(8,793,294)
4. Total (Lines 1 to 3)	169,178,167	148,323,975
5. Benefits and loss related payments	151,699,304	130,451,021
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	11,613,760	11,962,341
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	1,515,594	2,617,536
10. Total (Lines 5 through 9)	164,828,658	145,030,898
11. Net cash from operations (Line 4 minus Line 10)	4,349,509	3,293,077
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	690,000	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	12,874	15,999
12.8 Total investment proceeds (Lines 12.1 to 12.7)	702,874	15,999
13. Cost of investments acquired (long-term only):		
13.1 Bonds	690,000	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	690,000	0
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	12,874	15,999
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	2,500,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	998,357	(1,735,894)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	998,357	764,106
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	5,360,741	4,073,182
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	34,378,196	30,305,014
19.2 End of period (Line 18 plus Line 19.1).....	39,738,937	34,378,196

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	178,915,436	.0	.0	.0	.0	.0	.0	178,915,436	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit	.0												
3. Fee-for-service (net of \$ medical expenses)	.0												XXX
4. Risk revenue	.0												XXX
5. Aggregate write-ins for other health care related revenues	(10,840,705)	.0	.0	.0	.0	.0	.0	(10,840,705)	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	168,074,731	.0	.0	.0	.0	.0	.0	168,074,731	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	89,456,324							89,456,324					XXX
9. Other professional services	28,616,313							28,616,313					XXX
10. Outside referrals	.0												XXX
11. Emergency room and out-of-area	11,342,509							11,342,509					XXX
12. Prescription Drugs	23,162,025							23,162,025					XXX
13. Aggregate write-ins for other hospital and medical	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	675,000							675,000					XXX
15. Subtotal (Lines 8 to 14)	153,252,170	.0	.0	.0	.0	.0	.0	153,252,170	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	.0												XXX
17. Total medical and hospital (Lines 15 minus 16)	153,252,170	.0	.0	.0	.0	.0	.0	153,252,170	.0	.0	.0	.0	XXX
18. Non-health claims (net)	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ 216,002 cost containment expenses	771,232							771,232					
20. General administrative expenses	10,894,593							10,894,593					
21. Increase in reserves for accident and health contracts	.0												XXX
22. Increase in reserves for life contracts	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	164,917,995	.0	.0	.0	.0	.0	.0	164,917,995	.0	.0	.0	.0	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	3,156,737	0	0	0	0	0	0	3,156,737	0	0	0	0	0
DETAILS OF WRITE-INS													
0501. Provider Tax (QAAP)	(10,840,705)							(10,840,705)					XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	(10,840,705)	0	0	0	0	0	0	(10,840,705)	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.													XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	179,292,701		377,265	178,915,436
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	179,292,701	0	377,265	178,915,436
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	179,292,701	0	377,265	178,915,436

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	151,293,164							151,293,164					
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	0												
1.4 Net	151,293,164	0	0	0	0	0	0	151,293,164	0	0	0	0	0
2. Paid medical incentive pools and bonuses	1,236,610							1,236,610					
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	18,184,006	0	0	0	0	0	0	18,184,006	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	18,184,006	0	0	0	0	0	0	18,184,006	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,616,787							1,616,787					
6. Net healthcare receivables (a)	0												
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	16,393,000	0	0	0	0	0	0	16,393,000	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	16,393,000	0	0	0	0	0	0	16,393,000	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	507,000	0	0	0	0	0	0	507,000	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	507,000	0	0	0	0	0	0	507,000	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	2,178,397	0	0	0	0	0	0	2,178,397	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	152,577,170	0	0	0	0	0	0	152,577,170	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
12.4 Net	152,577,170	0	0	0	0	0	0	152,577,170	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	675,000	0	0	0	0	0	0	675,000	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	14,984,006							14,984,006					
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	14,984,006	0	0	0	0	0	0	14,984,006	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	3,200,000							3,200,000					
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	3,200,000	0	0	0	0	0	0	3,200,000	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	18,184,006	0	0	0	0	0	0	18,184,006	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	18,184,006	0	0	0	0	0	0	18,184,006	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....					.....0	.....0
2. Medicare Supplement .....					.....0	.....0
3. Dental Only.....					.....0	.....0
4. Vision Only.....					.....0	.....0
5. Federal Employees Health Benefits Plan Premiums .....					.....0	.....0
6. Title XVIII - Medicare .....					.....0	.....0
7. Title XIX - Medicaid.....	.....16,251,339	.....135,041,825	.....148,661	.....18,035,345	.....16,400,000	.....16,900,000
8. Other health .....					.....0	.....0
9. Health subtotal (Lines 1 to 8).....	.....16,251,339	.....135,041,825	.....148,661	.....18,035,345	.....16,400,000	.....16,900,000
10. Healthcare receivables (a).....					.....0	
11. Other non-health.....					.....0	.....0
12. Medical incentive pools and bonus amounts .....	.....1,236,610		.....941,787	.....675,000	.....2,178,397	.....2,178,397
13. Totals (Lines 9 - 10 + 11 + 12)	.....17,487,949	.....135,041,825	.....1,090,448	.....18,710,345	.....18,578,397	.....19,078,397

(a) Excludes \$loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	13,068	271	30	.0	
2. 2001	32,920	14,944	130	.5	.0
3. 2002	XXX	44,755	10,363	177	192
4. 2003	XXX	XXX	54,421	14,873	211
5. 2004	XXX	XXX	XXX	70,714	15,850
6. 2005	XXX	XXX	XXX	XXX	85,283

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	13,067	272	30		
2. 2001	44,991	13,623	130	.5	
3. 2002	XXX	58,404	10,963	177	192
4. 2003	XXX	XXX	69,722	15,066	220
5. 2004	XXX	XXX	XXX	87,421	15,990
6. 2005	XXX	XXX	XXX	XXX	103,319

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001.....	88,220	.0		0.0	.0	0.0			.0	0.0
2. 2002.....	101,434	192		0.0	192	0.2			192	0.2
3. 2003.....	120,599	211		0.0	211	0.2	.9		220	0.2
4. 2004.....	148,015	15,850		0.0	15,850	10.7	140		15,990	10.8
5. 2005	168,075	85,283		0.0	85,283	50.7	19,652	244	105,179	62.6

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	13,068	271	30	.0	.0
2. 2001.....	32,920	14,944	130	.5	.0
3. 2002.....	XXX	44,755	10,363	177	192
4. 2003.....	XXX	XXX	54,421	14,873	211
5. 2004.....	XXX	XXX	XXX	70,714	15,850
6. 2005.....	XXX	XXX	XXX	XXX	85,283

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	13,067	272	30	.0	.0
2. 2001.....	44,991	13,623	130	.5	.0
3. 2002.....	XXX	58,404	10,963	177	192
4. 2003.....	XXX	XXX	69,722	15,066	220
5. 2004.....	XXX	XXX	XXX	87,421	15,990
6. 2005.....	XXX	XXX	XXX	XXX	103,319

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2001.....	88,220	.0	.0	.0	.0	.0	.0	.0	.0	.0
2. 2002.....	101,434	192	.0	.0	192	.2	.0	.0	192	.2
3. 2003.....	120,599	211	.0	.0	211	.2	.9	.0	220	.2
4. 2004.....	148,015	15,850	.0	.0	15,850	10.7	140	.0	15,990	10.8
5. 2005.....	168,075	85,283	0	0.0	85,283	50.7	19,652	244	105,179	62.6

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			446,448		446,448
2. Salaries, wages and other benefits.....	216,002	555,230	5,350,573		6,121,805
3. Commissions (less \$ceded plus \$ Assumed.....					0
4. Legal fees and expenses.....			568,880		568,880
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			823,495		823,495
7. Traveling expenses.....			38,785		38,785
8. Marketing and advertising.....			138,742		138,742
9. Postage, express and telephone.....			230,767		230,767
10. Printing and office supplies.....			191,052		191,052
11. Occupancy, depreciation and amortization.....			1,091,879		1,091,879
12. Equipment.....			56,333		56,333
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....			916,592		916,592
15. Boards, bureaus and association fees.....			89,123		89,123
16. Insurance, except on real estate.....			137,852		137,852
17. Collection and bank service charges.....			39,631		39,631
18. Group service and administration fees.....					0
19. Reimbursements by uninsured accident and health plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....			18,337		18,337
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			257,630		257,630
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....			411,614		411,614
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	86,860	0	86,860
26. Total expenses incurred (Lines 1 to 25).....	216,002	555,230	10,894,593	0	(a).....11,665,824
27. Less expenses unpaid December 31, current year.....		243,568	3,815,886		4,059,454
28. Add expenses unpaid December 31, prior year.....	0	507,000	3,491,246	0	3,998,246
29. Amounts receivable relating to uninsured accident and health plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	216,002	818,662	10,569,952	0	11,604,616
DETAIL OF WRITE-INS					
2501. Meeting Expense.....			41,806		41,806
2502. Contributions.....			12,870		12,870
2503. Interest Expense.....					0
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	32,185	0	32,185
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	86,860	0	86,860

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....18,196	.....18,196
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....1,085,240	.....1,085,240
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	1,103,436	.....1,103,436
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16)		1,103,436
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds				0
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates	0		0	0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates	0		0	0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments				0
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	16,897	15,932	(966)
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	16,897	15,932	(966)
11. Title plants (for Title insurers only).....	0		0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	470,609	258,453	(212,156)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	91,613	50,785	(40,828)
19. Furniture and equipment, including health care delivery assets.....	90,385	66,302	(24,083)
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	0	0	0
23. Aggregate write-ins for other than invested assets	1,363,499	2,267,889	904,390
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	2,033,004	2,659,362	626,358
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	2,033,004	2,659,362	626,358
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Insurance.....	8,068	15,047	6,979
2302. Prepaid Expenses.....	102,317	164,251	61,935
2303. Security Deposit.....	3,125	3,125	0
2398. Summary of remaining write-ins for Line 23 from overflow page	1,249,990	2,085,466	835,476
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	1,363,499	2,267,889	904,390

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

	Source of Enrollment	Total Members at End of					
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1.	Health Maintenance Organizations.....	81,358	83,290	84,816	86,352	88,059	1,022,988
2.	Provider Service Organizations.....	0					
3.	Preferred Provider Organizations.....	0					
4.	Point of Service.....	0					
5.	Indemnity Only.....	0					
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	Total	81,358	83,290	84,816	86,352	88,059	1,022,988
DETAILS OF WRITE-INS							
0601.	.....					
0602.	.....					
0603.	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the CAPE Health Plan have been completed in accordance with NAIC Accounting Practices and Procedures manual except for implementation of codification for all entities. By Order 00-086-M dated November 15, 2000, the Commissioner adopted the NAIC Accounting Practices and Procedures Manual effective January 1, 2001, including appendices A - F and excluding Actuarial Guideline XXXV in Appendix C. This order applied to fire and casualty insurers, life, accident, and health insurers, non-U.S. insurers, title insurers and fraternal benefit societies. For health maintenance organizations and alternative financing and delivery systems and dental service corporations, the Commissioner had delayed adoption of the NAIC Accounting Practices and Procedures Manual with an effective date of January 1, 2002. Effective January 1, 2003, these procedures were adopted to be applied to HMOs in a phased manner. Following are the salient features, per letter dated December 4, 2002, of the transitional application of these procedures:

1) SSAP 16: Electronic Data Processing Equipment and Software:

The aggregate amount of admitted EDP equipment and operating system software (net of depreciation) shall be limited to the following percentage of the reporting entity's capital and surplus:

Effective January 1, 2003	25%
Effective January 1, 2004	15%
Effective January 1, 2005	5%

Effective January 1, 2006, the requirements of SSAP 16 will be fully adopted.

2) SSAP 19: Furniture and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements

The reporting entity will be permitted to report as an admitted asset the following percentage of its book value of furniture and equipment and leasehold improvements:

Effective January 1, 2003	85%
Effective January 1, 2004	55%
Effective January 1, 2005	25%

Effective January 1, 2006, the requirements of SSAP 19 will be fully adopted.

3) SSAP 84: Certain Health Care Receivables and Receivables Under Government Insured Plans

Loans or advances to large hospitals or other providers are not permitted.

SSAP 84 assumes states would adopt codification effective 2001 and therefore, NAIC transitions no longer apply effective January 1, 2003. OFIS will extend these transitions another year. For pharmaceuticals and risk sharing receivables, the transitions will expire on invoices prior to January 1, 2004. Entities are expected to renegotiate their contracts with pharmacy benefit managers and providers to comply with the requirements of SSAP 84 for future reporting periods.

Monetary effects:

	12/31/2005	12/31/2004
<u>Effect on Net Income</u>		
Net Income - Michigan OFIS basis	2,803,374	3,751,756

NOTES TO FINANCIAL STATEMENTS

Effect of codification	-	-
Net Income (NAIC SAP basis)	2,803,374	3,751,756

Effect on Capital Surplus

Capital Surplus - Michigan OFIS basis	18,114,744	14,685,012
Effect on codification		
Leasehold Improvement (SSAP 19)	5,632	19,472
Electronic Data processing (SSAP 16)	-	-
Furniture and Equipment (SSAP 19)	30,128	81,036
Capital Surplus (NAIC SAP basis)	18,078,984	14,584,504

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenue and expenses during the period results could differ from those estimates.

C. Accounting Policy

The Plan uses the following accounting policies:

The Plan recognizes premiums for its members as income in the period to which health care coverage relates. The Plan's only source of premium revenue is Michigan Department of Community Health (MDCH). The revenues are recognized in the period in which they are earned. No premiums are collected in advance. Premiums for retroactive adjustments are recorded when received. Settlements with MDCH for medical claims from previous periods are reported as changes in estimates and classified as adjustments to medical expenses. The expenses incurred for the payment of claims and the administration of the Plan are charged to the operation.

The amount of dividends to be paid to the shareholder is determined annually by the Company's Board of Directors. The dividends declared are related to the overall profitability of the current year's operation and meeting the statutory earned surplus requirements of the State of Michigan.

In addition, the company uses the following accounting policies:

- 1) Short term equivalents: The Company recognizes investments with an original maturity of three months or less as cash equivalents. The company has no short term equivalents.
- 2) Bonds stated are the statutory deposits required by the State of Michigan Office of Financial and Insurance Services. This deposit is restricted and is held in a jointly administered trust fund with Michigan Insurance Bureau. These are stated at their par value.
- 3) Common Stock - Not Applicable.
- 4) Preferred Stock – Not applicable
- 5) Valuation basis of Mortgage Loan – Not applicable

NOTES TO FINANCIAL STATEMENTS

- 6) Loan backed securities - Not applicable
- 7) Investment in subsidiaries, controlled and affiliated companies – Not applicable.
- 8) Investment in Joint Ventures, partnerships and Limited Liability Companies – Not applicable.
- 9) Derivatives – Not applicable
- 10) Investment Income as a factor in the premium deficiency calculation – Not applicable.
- 11) A summary of management's policies and methodologies for estimating liabilities for losses and loss/claim adjustment expense

The plan estimates for accrued medical claims include claims billed and received and those incurred but unbilled for services provided up to the balance sheets date. The estimate is primarily based on historical payment patterns using actuarial techniques and these estimates are regularly reviewed and updated. Any adjustments resulting from such reviews are reflected in current operations and include modification for current trends. Management believes claims payable at December 31, 2005 and 2004 are adequate to cover the ultimate cost of settling all claims incurred to date. Because profits and losses depend upon factors such as cost trends and inflation, the process used to establish the liability for claims payable is based on estimates. Adjustments resulting from revisions of those estimates are charged or credited to operations in the period in which the revisions are made.

- 12) Changes in the capitalization policy and the resultant predefined thresholds – Not applicable.

2. Accounting Changes and Corrections of Errors - Not Applicable

3. Business Combinations & Goodwill – Not Applicable

4. Discontinued Operations - Not Applicable

5. Investments - Not Applicable

6. Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable

7. Investment Income – Not Applicable

8. Derivative Instruments - Not Applicable

9. Income Taxes

A. The components of the net deferred tax asset/ (liability) at December 31 are as follows:

	<u>2005</u>	<u>2004</u>
1. Total of all DTA (admitted and nonadmitted)	<u>\$470,609</u>	<u>\$ 258,453</u>
2. Total of all Deferred Tax Liabilities	<u>\$ 92,341</u>	<u>\$107,365</u>
3. Total DTA nonadmitted in accordance with SSAP No. 10 Income Taxes	<u>\$470,609</u>	<u>\$ 258,453</u>
4. Total of all DTA	<u>\$470,609</u>	<u>\$258,453</u>
5. Increase (decrease) in DTA non admitted		<u>\$212,156</u>

B. Deferred tax liabilities not recognized:

None

NOTES TO FINANCIAL STATEMENTS

C. Current income taxes consist of the following major components:

	<u>2005</u>	<u>2004</u>
0199 Current tax expense	<u>\$1,447,655</u>	<u>\$2,393,231</u>
0299 Total DTAs	<u>\$470,609</u>	<u>\$258,453</u>
0399 DTAs nonadmitted	<u>\$470,609</u>	<u>\$258,453</u>
0499 Total DTLs	<u>\$92,341</u>	<u>\$107,365</u>

The main changes in components of DTAs and DTLs are as follows:

DTAs	<u>\$212,156</u>
DTLs	<u>\$15,024</u>

D. Among the more significant book to tax adjustments were the following:

None

E.

1. Operating loss carry forward = None
2. The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:
 - i. 2005 – current year = \$1,447,655
 - ii. 2004 – current year – 1 = \$2,393,231
 - ii. 2003 – current year – 2 = \$ 2,096,635

F.

1. CAPE's federal income tax return is consolidated with the following entities:
 - i. HCLB, Inc (Parent) – 38-3535959
2. The method of allocation between the companies is subject to written tax sharing agreement, approved by the Board of Directors. The intent of this agreement is to establish a method for allocating the consolidated federal income tax liability of the affiliated group among its members; for reimbursing the parent for payment of such liability; for compensating any member for use of its net operating loss or tax credits in arriving at such tax liability; and to provide for the allocation and payment of any refund arising from a carryback of net operating losses or tax credits from subsequent taxable years.

10. Information Concerning Parent, Subsidiaries and Affiliates

CAPE Health Plan is a subsidiary of a holding company, HCLB, Inc. The holding company owns two other additional non-insurance affiliated companies, Springwater Management, Inc. and Cape Management, Inc. CAPE holds no investments in either the affiliates or the parent company and has no guarantees or contingent exposure with these entities. CAPE did not pay any dividends to HCLB, Inc. in the calendar years 2003 and 2004. In 2004, there CAPE issued 2,500 shares of common stock to HCLB, Inc. for \$2.5 million.

11. Debt - Not Applicable

12. Retirement Plans, Deferred Compensation, Post employment Benefits & Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan – Not Applicable.
- B. Defined Contribution Plan – The company sponsors a fully-funded 401(k) plan covering substantially all employees. Participants may defer gross compensation up to federal limitations. The company makes

NOTES TO FINANCIAL STATEMENTS

matching contributions up to a maximum of 6% of employee compensation. The expense for the matching contribution was approximately \$185,520.48 in 2004. Profit sharing is also accrued to the 401(k) plan. The profit sharing contribution made for 2005.

- C. Multiemployer Plans – Not Applicable
- D. Consolidated/Holding Company Plans – Not Applicable
- E. Post employment Benefits and Compensated Absences – Not Applicable.

13. Capital and Surplus, Shareholders Dividend Restrictions and Quasi-Reorganizations

Following is the information required:

- 1) CAPE has one class of 5,000 authorized common stock of which 2,600 are issued and outstanding. There is no par value.
- 2) No dividend has been issued in 2003, 2004 or 2005.
- 3) Dividend restriction - State law provides that dividends or other distributions may be paid only to the extent of surplus in excess of \$1,500,000 as reported in the most recent financial statements filed with the Department of Insurance and may be paid only out of positive retained earnings. In addition, legislation requires Department of Insurance approval of any dividend or other distribution exceeding greater of 10% of net worth or net income for the prior year.
- 4) Portion of company's profits that may be paid as ordinary dividend to stockholders – none.

Points 5 through 12 – Not applicable

There was neither any Quasi-reorganization nor a receipt of surplus notes during 2005.

14. Contingencies – Not applicable.

15. Leases:

The company leases the office space that it occupies. In September 2001, the company moved from its Detroit location to Southfield, Michigan. The lease was signed for a six year term with an annual escalation clause of 50 cents per square foot. The lease expense for 2005 and 2004 was \$427,584 and \$399,116 respectively.

16. Information about Financial Instruments with Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not Applicable

20. September 11 Events

The events of September 11, 2001 did not have any adverse effect on the operations of the company. As such, no contingencies have been recorded.

21. Other items

Not applicable

22. Subsequent Events - Not Applicable

23. Reinsurance

- A. Ceded Reinsurance Report

NOTES TO FINANCIAL STATEMENTS

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (x)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (x)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (x)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$_____.

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?
\$_____.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (x)

If yes, give details.

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may

NOTES TO FINANCIAL STATEMENTS

consider the current of anticipated experience of the business reinsured in making this estimate.
\$ _____.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (x)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ _____.

B. Uncollectible Reinsurance

Describe uncollectible reinsurance written off during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s): - NONE

- (1) Losses incurred;
- (2) Loss adjustment expenses incurred;
- (3) Premiums earned;
- (4) Other.

C. Commutation of Ceded Reinsurance

Describe commutation of ceded reinsurance during the year reported in the following annual statement classifications, including the name or names of the reinsurer(s): - NONE

- (1) Losses incurred;
- (2) Loss adjustment expenses incurred;
- (3) Premiums earned;
- (4) Other.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has increased by \$1,284,000 from \$ 16,900,000 in 2004 to \$ 18,184,006 in 2005. This increase was generally the result of ongoing analysis of recent loss development trends due to the high membership growth from year to year. These directly impact the surplus of the company.

26. Intercompany Pooling Arrangements

CAPE is not a part of any Intercompany Pooling Arrangement system.

27. Structured Settlements

Not Applicable

28. Health Care Receivables

Pharmacy Rebates Receivable

NOTES TO FINANCIAL STATEMENTS

CAPE does not book Pharmacy rebate receivables due to the size of the company. All rebates are booked when received and are recorded to offset the pharmacy expense. The following schedule provides the quarterly receipts of the rebates for the past three years.

Quarter	Estimated Receivable On Financial Statement	Pharmacy Rebates Billed	Actual Received
12/31/2005	0	0	\$ 38,535.93
09/30/2005	0	0	\$ 58,859.27
06/30/2005	0	0	\$ 0
03/31/2005	0	0	\$ 83,034.30
12/31/2004	0	0	0
09/30/2004	0	0	\$ 108,371.32
06/30/2004	0	0	\$ 70,156.10
03/31/2004	0	0	\$ 158,575.87
12/31/2003	0	0	\$ 49,265.69
09/30/2003	0	0	\$ 40,556.68
06/30/2003	0	0	\$ 165,799.89
03/31/2003	0	0	0

Risk Sharing Receivables

CAPE does not have any contract with its providers that would result in creation of risk sharing receivables.

29. Participating Policies

There are no participating policies.

30. Premium Deficiency Reserves

There are no Premium Deficiency Reserves

31. Anticipated Salvage and Subrogation

Not applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	1,000,000	2.454	1,000,000	2.454
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company	5,632	0.014	5,632	0.014
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	39,738,937	97.532	39,738,937	97.532
9. Other invested assets		0.000		0.000
10. Total invested assets	40,744,569	100.000	40,744,569	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [] No [X]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [] No [] NA [X]
- 1.3

State Regulating?
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/07/2004
- 3.4

By what department or departments? OFFICE OF FINANCIAL AND INSURANCE SERVICES, STATE OF MICHIGAN
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [] No [X]

4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [] No [X]

4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

DELOITTE & TOUCHE, LLP, 600 RENAISSANCE CENTER, SUITE 900, DETROIT, MICHIGAN 48423
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

DAVID O. THOEN, FSA, MAAA, SENIOR MANAGER, DELOITTE & TOUCHE LLP, 120 SOUTH SIXTH STREET, MINNEAPOLIS, MINNESOTA, 55402
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

16.12

To stockholders not officers

\$

16.13

Trustees, supreme or grand (Fraternal only)

\$
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

16.22

To stockholders not officers

\$

16.23

Trustees, supreme or grand (Fraternal only)

\$
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

17.22

Borrowed from others

\$

17.23

Leased from others

\$

17.24

Other

\$
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

18.22

Amount paid as expenses

\$

18.23

Other amounts paid

\$
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

GENERAL INTERROGATORIES
INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

20.2 If no, give full and complete information relating thereto:

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$.....

21.22

Subject to repurchase agreements

\$.....

21.23

Subject to reverse repurchase agreements

\$.....

21.24

Subject to dollar repurchase agreements

\$.....

21.25

Subject to reverse dollar repurchase agreements

\$.....

21.26

Pledged as collateral

\$.....

21.27

Placed under option agreements

\$.....

21.28

Letter stock or other securities restricted as to sale ...

\$.....

21.29

Other

\$.....

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year. \$.....

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [X]

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
.....
.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
.....
.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

25.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
25.2999	TOTAL	0

25.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	1,000,000	1,000,000	0
26.2 Preferred stocks.....	0		0
26.3 Totals	1,000,000	1,000,000	0

26.4 Describe the sources or methods utilized in determining fair values:

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans.....	38,722

29.1 Amount of payments for legal expenses, if any?.....\$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
William Brodhead, Attorney at Law.....	384,300

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1	Does the reporting entity have any direct Medicare Supplement Insurance in force?	Yes [] No [X]								
1.2	If yes, indicate premium earned on U. S. business only	\$								
1.3	What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?	\$								
	1.31 Reason for excluding									
1.4	Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.	\$								
1.5	Indicate total incurred claims on all Medicare Supplement Insurance.	\$								
1.6	Individual policies:									
	Most current three years:									
	1.61 Total premium earned	\$0								
	1.62 Total incurred claims	\$0								
	1.63 Number of covered lives	\$0								
	All years prior to most current three years:									
	1.64 Total premium earned	\$0								
	1.65 Total incurred claims	\$0								
	1.66 Number of covered lives	\$0								
1.7	Group policies:									
	Most current three years:									
	1.71 Total premium earned	\$0								
	1.72 Total incurred claims	\$0								
	1.73 Number of covered lives	\$0								
	All years prior to most current three years:									
	1.74 Total premium earned	\$0								
	1.75 Total incurred claims	\$0								
	1.76 Number of covered lives	\$0								
2.	Health Test:									
	<table border="0" style="margin: auto;"> <tr> <td></td> <td style="text-align: center;">1</td> <td></td> <td style="text-align: center;">2</td> </tr> <tr> <td></td> <td style="text-align: center;">Current Year</td> <td></td> <td style="text-align: center;">Prior Year</td> </tr> </table>		1		2		Current Year		Prior Year	
	1		2							
	Current Year		Prior Year							
	2.1 Premium Numerator \$	178,915,436	\$	156,777,957						
	2.2 Premium Denominator \$	178,915,436	\$	156,777,957						
	2.3 Premium Ratio (2.1/2.2)	1.000		1.000						
	2.4 Reserve Numerator \$	20,044,361	\$	19,078,397						
	2.5 Reserve Denominator \$	19,800,793	\$	18,571,397						
	2.6 Reserve Ratio (2.4/2.5)	1.012		1.027						
3.1	Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?	Yes [] No [X]								
3.2	If yes, give particulars:									
4.1	Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?	Yes [X] No []								
4.2	If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?	Yes [] No [X]								
5.1	Does the reporting entity have stop-loss reinsurance?	Yes [X] No []								
5.2	If no, explain:									
5.3	Maximum retained risk (see instructions)									
	5.31 Comprehensive Medical	\$								
	5.32 Medical Only	\$575,000								
	5.33 Medicare Supplement	\$								
	5.34 Dental	\$								
	5.35 Other Limited Benefit Plan	\$								
	5.36 Other	\$								
6.	Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:									
	HOLD HARMLESS AND CONTINUATION CLAUSE IN CONTRACTS									
7.1	Does the reporting entity set up its claim liability for provider services on a service data base?	Yes [X] No []								
7.2	If no, give details:									
8.	Provide the following Information regarding participating providers:									
	8.1 Number of providers at start of reporting year	5,261								
	8.2 Number of providers at end of reporting year	5,429								
9.1	Does the reporting entity have business subject to premium rate guarantees?	Yes [] No [X]								
9.2	If yes, direct premium earned:									
	9.21 Business with rate guarantees between 15-36 months									
	9.22 Business with rate guarantees over 36 months									

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes ☒ No ☐

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$.....

\$.....

\$.....1,616,787

\$.....1,236,610

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above) ?.....

Yes ☐ No ☒

Yes ☒ No ☐

Yes ☐ No ☒

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes ☒ No ☐

11.3 If yes, show the name of the state requiring such net worth.

STATE OF MICHIGAN

11.4 If yes, show the amount required.

\$.....11,969,176

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes ☐ No ☒

11.6 If the amount is calculated, show the calculation.

BASED ON RBC CALCULATION

12. List service areas in which reporting entity is licensed to operate:

1

Name of Service Area

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	42,307,783	37,443,229	33,037,366	27,883,296	23,393,222
2. Total liabilities (Page 3, Line 22)	24,193,039	22,758,217	22,489,769	21,003,048	15,333,523
3. Statutory surplus	11,954,798	10,403,888	8,360,450	7,303,100	5,833,098
4. Total capital and surplus (Page 3, Line 31)	18,114,744	14,685,012	10,547,597	6,880,248	8,059,699
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	168,074,731	147,984,663	120,599,778	101,434,147	88,118,476
6. Total medical and hospital expenses (Line 18)	153,252,170	131,452,748	105,088,550	91,677,183	74,032,876
7. Claims adjustment expenses (Line 20)	771,232	727,881	725,635	.0	.0
8. Total administrative expenses (Line 21)	10,894,593	10,241,987	9,044,016	10,291,971	11,108,761
9. Net underwriting gain (loss) (Line 24)	3,156,737	5,562,047	5,741,577	(486,653)	2,976,839
10. Net investment gain (loss) (Line 27)	1,103,436	339,313	263,407	358,251	888,375
11. Total other income (Lines 28 plus 29)	(9,144)	243,628	.0	.0	(423,561)
12. Net income (loss) (Line 32)	2,803,374	3,751,756	3,908,349	(137,421)	3,441,653
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital.....	18,114,744	14,685,012	10,547,597	6,880,248	8,059,699
14. Authorized control level risk-based capital.....	5,977,399	5,201,944	4,180,225	3,651,550	2,916,549
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	88,059	81,358	63,963	54,171	43,768
16. Total member months (Column 6, Line 7)	1,022,988	880,057	720,978	584,729	481,875
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	85.7				
19. Cost containment expenses .....	.0.1	.0.0	XXX	XXX	XXX
20. Other claims adjustment expenses .....	.0.3	.0.0	.0.0	.0.0	.0.0
21. Total underwriting deductions (Line 23)	92.2	90.8	91.6	100.5	96.6
22. Total underwriting gain (loss) (Line 24)	1.8	3.5	4.6	(0.5)	3.4
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	18,578,397	16,727,598	12,011,137	14,228,788	14,713,788
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	19,078,397	17,100,995	14,230,000	12,576,577	13,590,000
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	.0	.0	.0	.0	.0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	.0	.0	.0	.0	.0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	.0	.0	.0	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2005 OF THE CAPE HEALTH PLAN, INC.

28.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29.	Affiliated mortgage loans on real estate		0	0	0	0
30.	All other affiliated		0	0	0	0
31.	Total of above Lines 25 to 30	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,000,000	1,000,000	1,000,000	1,000,000
	2. Canada				
	3. Other Countries				
	4. Totals	1,000,000	1,000,000	1,000,000	1,000,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	1,000,000	1,000,000	1,000,000	1,000,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	1,000,000	1,000,000	1,000,000	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	1,000,000	7. Amortization of premium.....	
2. Cost of bonds and stocks acquired, Column 7, Part 3	690,000	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	1,000,000
5. Total gain (loss), Col. 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	1,000,000
Column 7, Part 4	690,000	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	1,000,000

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, Etc.		1	2	Direct Business Only				
		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds
				Premiums	Medicare Title XVIII	Medicaid Title XIX		8 Property/Casualty Premiums
1.	Alabama	AL	No					
2.	Alaska	AK	No					
3.	Arizona	AZ	No					
4.	Arkansas	AR	No					
5.	California	CA	No					
6.	Colorado	CO	No					
7.	Connecticut	CT	No					
8.	Delaware	DE	No					
9.	District of Columbia	DC	No					
10.	Florida	FL	No					
11.	Georgia	GA	No					
12.	Hawaii	HI	No					
13.	Idaho	ID	No					
14.	Illinois	IL	No					
15.	Indiana	IN	No					
16.	Iowa	IA	No					
17.	Kansas	KS	No					
18.	Kentucky	KY	No					
19.	Louisiana	LA	No					
20.	Maine	ME	No					
21.	Maryland	MD	No					
22.	Massachusetts	MA	No					
23.	Michigan	MI	No			179,292,701		
24.	Minnesota	MN	No					
25.	Mississippi	MS	No					
26.	Missouri	MO	No					
27.	Montana	MT	No					
28.	Nebraska	NE	No					
29.	Nevada	NV	No					
30.	New Hampshire	NH	No					
31.	New Jersey	NJ	No					
32.	New Mexico	NM	No					
33.	New York	NY	No					
34.	North Carolina	NC	No					
35.	North Dakota	ND	No					
36.	Ohio	OH	No					
37.	Oklahoma	OK	No					
38.	Oregon	OR	No					
39.	Pennsylvania	PA	No					
40.	Rhode Island	RI	No					
41.	South Carolina	SC	No					
42.	South Dakota	SD	No					
43.	Tennessee	TN	No					
44.	Texas	TX	No					
45.	Utah	UT	No					
46.	Vermont	VT	No					
47.	Virginia	VA	No					
48.	Washington	WA	No					
49.	West Virginia	WV	No					
50.	Wisconsin	WI	No					
51.	Wyoming	WY	No					
52.	American Samoa	AS	No					
53.	Guam	GU	No					
54.	Puerto Rico	PR	No					
55.	U.S. Virgin Islands	VI	No					
56.	Canada	CN	No					
57.	Aggregate other alien	OT	XXX	0	0	0	0	0
58.	Subtotal	XXX	XXX	0	0	179,292,701	0	0
59.	Reporting entity contributions for Employee Benefit Plans	XXX	XXX					
60.	Total (Direct Business)	XXX	(a) 1	0	0	179,292,701	0	0
DETAILS OF WRITE-INS								
5701.		XXX	XXX					
5702.		XXX	XXX					
5703.		XXX	XXX					
5798.	Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE T – PART 2
INTERSTATE COMPACT PRODUCTS – EXHIBIT OF PREMIUMS WRITTEN

Allocated by States and Territories

		Direct Business Only					
		1	2	3	4	5	6
States, Etc.		Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama	AL .....						.0
2. Alaska	AK .....						.0
3. Arizona	AZ .....						.0
4. Arkansas	AR .....						.0
5. California	CA .....						.0
6. Colorado	CO .....						.0
7. Connecticut	CT .....						.0
8. Delaware	DE .....						.0
9. District of Columbia	DC .....						.0
10. Florida	FL .....						.0
11. Georgia	GA .....						.0
12. Hawaii	HI .....						.0
13. Idaho	ID .....						.0
14. Illinois	IL .....						.0
15. Indiana	IN .....						.0
16. Iowa	IA .....						.0
17. Kansas	KS .....						.0
18. Kentucky	KY .....						.0
19. Louisiana	LA .....						.0
20. Maine	ME .....						.0
21. Maryland	MD .....						.0
22. Massachusetts	MA .....						.0
23. Michigan	MI .....						.0
24. Minnesota	MN .....						.0
25. Mississippi	MS .....						.0
26. Missouri	MO .....						.0
27. Montana	MT .....						.0
28. Nebraska	NE .....						.0
29. Nevada	NV .....						.0
30. New Hampshire	NH .....						.0
31. New Jersey	NJ .....						.0
32. New Mexico	NM .....						.0
33. New York	NY .....						.0
34. North Carolina	NC .....						.0
35. North Dakota	ND .....						.0
36. Ohio	OH .....						.0
37. Oklahoma	OK .....						.0
38. Oregon	OR .....						.0
39. Pennsylvania	PA .....						.0
40. Rhode Island	RI .....						.0
41. South Carolina	SC .....						.0
42. South Dakota	SD .....						.0
43. Tennessee	TN .....						.0
44. Texas	TX .....						.0
45. Utah	UT .....						.0
46. Vermont	VT .....						.0
47. Virginia	VA .....						.0
48. Washington	WA .....						.0
49. West Virginia	WV .....						.0
50. Wisconsin	WI .....						.0
51. Wyoming	WY .....						.0
52. American Samoa	AS .....						.0
53. Guam	GU .....						.0
54. Puerto Rico	PR .....						.0
55. U.S. Virgin Islands	VI .....						.0
56. Canada	CN .....						.0
57. Other Alien	OT .....						.0
58. Totals		0	0	0	0	0	0

NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Susan Sarin
Ultimate Controlling Party (UCP)

HCLB, Inc.
Holding Company
Tax ID: 38-3535959

Subsidiaries:

CAPE health Plan, Inc.
Licensed HMO - State of Michigan
Tax Id - 38-2455176